
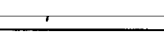


000 85-2784/1

Office of Legislative Liaison
Routing Slip

TO:	ACTION	INFO
1. D/OLL		<input checked="" type="checkbox"/>
2. DD/OLL		<input checked="" type="checkbox"/>
3. Admin Officer		
4. Liaison		
5. Legislation		
6. 		<input checked="" type="checkbox"/>
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SUSPENSE

Date

Action Officer:

Remarks:

110585
ne/Date

ROUTING AND RECORD SHEET

SUBJECT: (Optional)

HAC S&I Team Request

FROM: Deputy Chief, Audit Staff
1201 Key

EXTENSION

NO.

OCC 85-2780/1

DATE

27 Sep 85

TO: (Officer designation, room number, and building)

DATE

RECEIVED

FORWARDED

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1. IG
6 E 18 HQS.

30 Sep 85

ch

2.

3. [redacted]
DCI/OLL
7 B 24 HQS.

4.

5.

6.

7.

8.

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11.

12.

13.

14.

15.

1-3: Bill - I have
also attached my
MFA - much as it is -
re meeting w/ HAC's.

FORM
1-79

610

USE PREVIOUS
EDITIONS

S E C R E T

26 September 1985

25X1 MEMORANDUM FOR: [redacted]
Office of Legislative Liaison
VIA: Inspector General
25X1 FROM: [redacted]
Deputy Chief, Audit Staff
SUBJECT: HAC S&I Team Request

Bill

The attached is all I have on the issue of the HAC S&I team's request to review audit and inspection functions within the Intelligence Community.

#1 is the original request.

#2 is our answer to the specific question presented in #1. (You will note that our response was not used.)

#3 the various letters in response to #1 and the HAC's follow-on letter.

25X1 If there is anything else you need please call [redacted]
25X1 [redacted]
25X1 [redacted]

S E C R E T

ROUTING AND TRANSMITTAL SLIP

STAT

TO: (Name, office symbol, room number,		Initials	Date
[Redacted] D/IG		Q	11 Jun
2	C/AS		
3			
4	1 hold - hold in your files.		
5			
<input checked="" type="checkbox"/>	Action	File	Note and Return
	Approval	For Clearance	Per Conversation
	As Requested	For Correction	Prepare Reply
	Circulate	For Your Information	See Me
	Comment	Investigate	Signature
	Coordination	Justify	

STAT

Attached are the HAC's inquiry regarding Audit Reports and the D/PBS/ICS memo that we discussed on the phone. The COMPT wants a rationale developed for not providing the audit reports as requested-- but rather to make them available for Staff review at the Agency.

We will need your response by COB 10 June

STAT

STAT

STAT

DO NOT use this form as a RECORD of approvals, concurrences, disposals, clearances, and similar actions

[Redacted]	Room No.—Bldg. 7C37
C/AG/COMPT	Phone No. [Redacted]

5041-102

OPTIONAL FORM 41 (Rev. 7-76)
Prescribed by GSA
FPMR (41 CFR) 101-11.206

SECRET

COMPT 85-627

①

The Director of Central Intelligence

Washington, D.C. 20505

Intelligence Community Staff

10 June

DCI/IC 85-3616
29 May 1985

MEMORANDUM FOR: See Distribution

FROM:

Director, Program and Budget Staff

SUBJECT:

House Appropriations Committee
Inquiry Regarding Audit Reports

1. Your assistance is requested to aid the Intelligence Community Staff (ICS) in replying to the attached letter from the House Appropriations Committee. Please have your staff transmit to ICS your organization's response to the nine items of interest listed in the letter. In addition, provide copies of audit reports produced over the last three months or, alternatively, submit a rationale for not providing the audit reports.

2. A response by COB 12 June would be appreciated.

Attachment:
As stated

All Portions of this Memo
are Classified SECRET

COMPT
RECORD COPY

SECRET

Page Denied

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Congress of the United States
House of Representatives
Committee on Appropriations
Washington, DC 20515

SECRET

May 15, 1985

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TELEPHONE:
 (202) 225-2771

23 MAY 1985

10330

DCI/IC 85-5370

lia 7.3

Director, Intelligence Community Staff
 Community Headquarters Building
 Washington, D. C. 20505

Dear [REDACTED]

The Committee has had a long standing agreement with the Department of Defense permitting free access to audit reports produced by the four different audit agencies in DoD. This has proven to be beneficial to both the Committee and the Department.

We would appreciate your assistance in broadening this Committee policy to include the Intelligence Community programs as well, and specifically in obtaining copies of all the audit reports produced by or on the Intelligence Community for the last 3 months. In addition, we would also appreciate being placed on the normal distribution list for all such future audits.

Because the Committee has always been impressed with the quality of the audits produced in the Department of Defense, we have traditionally been strong supporters of requests for funds and personnel for audit functions. In order to judge the adequacy of the audit function within the Intelligence Community, we would appreciate receiving a summary of each of the organizations in the Intelligence Community addressing: (1) how the audit function is handled; (2) the number of man-years and dollars dedicated to the audit function; (3) the number of audits produced annually; (4) whether the audit function includes program evaluation or is restricted to the more traditional accounting review; (5) the degree to which the auditors are permitted unrestricted access to all programs and information; (6) who determines the topics to be reviewed; (7) the extent to which any backlog of audit requirements exists which is not funded in the FY 1986 budget request;

SECRET

SECRET

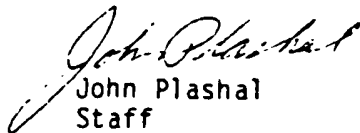
25X1

May 15, 1985
Page Two

(8) what procedures are in place to reconcile disagreements between audit findings and the positions taken by program managers; and (9) the extent to which savings documented by audit reports are reflected in the FY 1986 budget request.

Since time is somewhat limited before the Committee marks up the FY 1986 request, we appreciate your assistance in this matter.

Sincerely,


John Plashal
Staff


Bob Davis
Staff

Secret

(S E C R E T)

10 June 1985

MEMORANDUM FOR: Deputy Inspector General

25X1 FROM:

Chief, Audit Staff

SUBJECT: Response to House Appropriation Inquiry

1. Attached is our draft response to the items listed in paragraph three of the HAC request. For convenience, we have repeated the HAC question at the beginning of our response and used the same numbering sequence.

25X1 2. You may want to omit the reference at the beginning of the response to item (1). I included it for accuracy, but it may just complicate matters and invite more questions. I leave that to you and John to decide.

3. I did not respond to item (9) because, if I understand it, it's one for the Comptroller to handle. I think they are asking if someone takes account of audit/inspection recommendations for changes in resource levels when budgets are prepared. The answer is "of course."

4. Holler if this isn't what you need.

25X1

Attachment
As stated

S E C R E T

Page Denied

Next 2 Page(s) In Document Denied

3

DCI/ICS 85-3685

MEMORANDUM FOR: Director of Central Intelligence

VIA: Deputy Director of Central Intelligence

FROM: Director, Intelligence Community Staff

25X1 SUBJECT: HAC Investigation of Internal Audit Operations

REFERENCE: A. Ltr to DCI frm Vandergrift, dtd 6 Aug 85, Same Subject
B. Ltr to HAC Staffers from D/ICS, dtd 27 June 85, Same Subject
C. Ltr to D/ICS from HAC Staffers, dtd 15 May 85, Same Subject

25X1 1. Recommended Action: That you sign the attached letter.

25X1 2. Background: The Surveys and Investigation Staff of the House Appropriations Committee (HAC) proposes to proceed with an investigation of internal audit procedures and capabilities within the Intelligence Community (Tab A). The Acting Chief, Mr. Vandergrift, asks for a meeting to arrange for obtaining the data.

25X1 -- This request follows an earlier exchange of correspondence between HAC staffers and the D/ICS (Tabs B and C).

25X1 -- We do not believe it is appropriate to provide copies of audits of very sensitive areas involving sources and methods. The proposed response designates the CIA Deputy Inspector General as a point of contact for the staff for the setting up of briefings on procedures and capabilities. This action focuses on CIA and not the Community because the earlier letter addressed the matter of Department of Defense audits.

25X1



Attachment:

(1) Ltr to R.W. Vandergrift

25X1



SECRET

25X1

SUBJECT: HAC Investigation of Internal Audit Operations

25X1

ICS/PB 11 Sep. 85)

Distribution: (DCI/ICS 85-3685, all w/att DCI/ICS 85-3685/1):

Orig. - ER (for DCI and DDCI)

1 - D/IG

1 - O/Compt

1 - D/ICS

1 - ICS/LL

1 - PBS Subject (HAC File)

1 - PBS Chrono

1 - PBS

1 - ICS Registry

25X1

25X1

SECRET

The Deputy Director of Central Intelligence

Washington, D.C. 20505

Mr. R. W. Vandergrift, Jr.
Acting Chief, Surveys and Investigations Staff
Committee on Appropriations
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Vandergrift:

STAT
STAT
STAT
This is in response to your request of 6 August 1985 for a meeting to
arrange for the inquiry by your staff into internal audit operations and
capabilities within the Intelligence Community. I have designated [redacted]
[redacted] as the point of contact for the Central Intelligence Agency. He will
be prepared to assist you in arranging briefings on internal audit procedures
and capabilities. [redacted] can be reached on [redacted]

Sincerely,

William J. Casey

All portions of this letter
are UNCLASSIFIED

SUBJECT: DCI Ltr to Mr. Vandergrift (HAC)

STAT ICS/PB 11 Sep. 85)

Distribution: (DCI/ICS 85-3685/1)

Orig. - Addressee (HAC)

1 - ER (for DCI; DDCI)

1 - D/IG

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1 - D/ICS

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1 - PBS Subject (HAC File)

1 - PBS Chrono

1 - PBS

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25X1

STAT

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Executive Registry

85- 2827

Congress of the United States
House of Representatives
Committee on Appropriations
Washington, DC 20515

August 6, 1985

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TELEPHONE:
 (202) 225-2771

Honorable William J. Casey
 Director of Central Intelligence
 Central Intelligence Agency
 Washington, D.C. 20505

Dear Mr. Casey:

In accordance with the provisions of Section 202(b), Public Law 601, 79th Congress, this Staff has been directed by the Committee on Appropriations to make an investigation of the internal audit operations and capabilities within the intelligence community, which includes all intelligence, counterintelligence, and compartmented programs under your jurisdiction.

We will be pleased to meet with whomever you may designate to arrange for obtaining the data pertinent to this inquiry. If there are any questions regarding this matter, I can be contacted on 225-3881.

Sincerely yours,

R. W. Vandergrift, Jr.
 Acting Chief of the Surveys and
 Investigations Staff
 House Committee on Appropriations

SECRET

**Director
Intelligence Community Staff
Washington, D.C. 20505**

DCI/IC 85-3635

27 June 1985

Mr. John Plashal, Staff Assistant
Mr. Robert Davis, Staff Assistant
Subcommittee on Defense
Committee on Appropriations
U.S. House of Representatives
Washington, D.C. 20515

Dear Messrs. Plashal and Davis:

25X1 In regard to the House Appropriations Committee's request concerning Intelligence Community (IC) audit reports, Department of Defense (DoD) Directive 7600.2 (dated 10 January 1985) vests authority for the audit of all but the most sensitive areas within DoD with the DoD Inspector (IG). Consequently, it would be inappropriate for the IC Staff to respond to questions on the release of DoD audit reports. Inquiries should be directed to the DoD IG. [redacted]

25X1 Additionally, we do not believe it is appropriate to provide copies of audit on very sensitive areas involving sources and methods to the committee. Audit reports for internal management are by design exception reports, which would be of little use in their present form to outside reviewers. [redacted]

25X1 Please let us know if you have any further questions on this matter. [redacted]

13 SEP 1985

MEMORANDUM FOR THE RECORD

SUBJECT: Meeting with S&I Staff Members of the House
Appropriations Committee

1. On 18 September, the IG, D/IG, Chief/AS, and DC/OLL met with Messrs. Richard Ash, Frank Lyons, Robert Goffus, and Randal Adams of the Surveys and Investigations Staff of the House Appropriations Committee. The purpose of the meeting was to discuss the upcoming investigation of Intelligence Community oversight and review processes.

2. Mr. Ash, the Chairman of this group, advised us that while the correspondence exchanged between the IC Staff and the HAC talks only of audits and audit reports, it was his view that his mission is in a much broader context. He said they would want to look at all program review activities and oversight functions in general. As we talked, we managed to get this group to refine their objectives to be a little bit more specific, and the outcome was a sense of agreement that they were primarily interested in independent reviews such as those performed by the OIG on behalf of the DDCI. They will want to look at the control systems; they will want to test the controls that evaluate our programs; and ultimately they will want to look at our audit and inspection reports. We advised them that this may be a problem. It was suggested to Mr. Ash that he begin his investigation starting with the IC Staff. We also suggested to Mr. Ash that he attempt to house himself and his team members at the IC Staff Headquarters as opposed to the CIA building. He was given the name and telephone number of Eloise Page [redacted]

3. [redacted] They did, however, leave with us a list of questions and documents that they would like us to address; that list is attached. It was also agreed that OLL will arrange for a CIA organizational

briefing for the group, and D/OLL will notify the SSCI and HPSCI of the HAC interests. The undersigned alerted Brett Sciaroni, PIOB Legal Counsel, of the HAC mission. The DDCI was briefed on 19 September 1985.

25X1



Deputy Inspector General

Attachment:
As Stated

1. General Agency Data Required:

- a. Organizational chart of the agency/telephone directory.
- b. Listing - copies of primary enabling legislation, executive order regulations and laws under which the agency operates.
- b. Types of reports made to the Congress.

2. Basic information on the organizational entity responsible for the internal review function:

- a. Statement of the responsibilities of the organization and an organizational chart.
- b. Operating procedures, manuals, directives, etc., on the internal review function.
- c. Number of personnel assigned to the internal review function by job title and grade.
- d. List of key personnel.
- e. Dollar amount budgeted for the internal review function FY's 1985 and 1986.
- f. Provide samples of the types of audits conducted, e.g., financial, management (program) reviews.